

Council Policy 3.1

Annual Financial Reporting Policy

Strategic Plan Objective

3.3 To provide responsible and accountable governance and management of the EMRC.

3.4 To continue to improve financial and asset management practices.

Purpose

To endorse accounting policies as part of the preparation of the Council's annual financial statements.

Legislation

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Australian Accounting Standards

Policy Statement

1 Reporting Entity

The reporting entity is the Eastern Metropolitan Regional Council.

2 Basis of Accounting

The financial statements shall be drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies, the *Local Government Act 1995*, and the *Local Government (Financial Management) Regulations 1996*.

3 Asset Classification

The following classifications are to be utilised for recording assets:

- Land
- Buildings
- Structures
- Plant
- Equipment
- Furniture and Fittings

4 Depreciation

Fixed Assets excluding freehold land and art works are to be depreciated over their estimated useful lives on a straight line basis as follows:

- Buildings 1.00 - 13.33% (based on components)
- Structures
 - ⇒ General 0.95 - 6.67%
 - ⇒ Class III & IV Waste Cells % of actual usage
- Plant 4.17 - 33.33%
- Furniture and fittings 4.00 - 33.33%
- Equipment 4.00 - 33.33%

Assets are to be depreciated when completed and held ready for use.

5 Capitalisation Thresholds

As per Regulation 17A(5) of the *Local Government (Financial Management) Regulations 1996*, capitalisation threshold for the EMRC's asset is \$5,000.

6 Rates

The Eastern Metropolitan Regional Council does not levy rates. Accordingly rating information as required under the *Local Government (Financial Management) Regulations 1996* (r39) is not required to be presented in the financial statements.

7 Timing of Asset Valuations

As per Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996*, the EMRC will be undertaking revaluations on its Land, Buildings and Infrastructure classes of assets during the 2020/2021 financial year and then every 4 years thereafter.

8 Revaluation Thresholds

Revaluation thresholds shall be:

- Land No limit
- Buildings \$5,000
- Road Infrastructure \$5,000
- Other Infrastructures \$5,000

9 Landfill Cells

There are three general components of cell construction:

- Cell excavation and development costs;
- Cell liner costs; and
- Cell capping costs.

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.



Financial Considerations

Nil

Adopted/Reviewed

27 October 1994

22 July 1999

2 May 2022

20 May 2004

23 February 2006

18 September 2008

23 September 2010

19 June 2014

18 September 2014

17 September 2015

6 December 2018

23 May 2019

24 June 2021

Next Review

June 2025

Responsible Unit

Business Support Team